GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

STARRED QUESTION NO:602
ANSWERED ON:02.05.2003
RESTRUCTURING OF UTI SCHEME
SURESH RAMRAO JADHAV (PATIL)

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Unit Trust of India propose to restructure some of its schemes through intra-scheme merger;

(b) if so, the details thereof; and

(c) the steps taken by the Government for aggressive marketing of UTI scheme in order to reduce redemption pressure on the trust?

Answer

FINANCE MINISTER (SHRI JASWANT SINGH)

(a) to (c) A Statement is placed on the Table of the House.

Statement referred in reply to parts (a:) to (c) of the Lok Sabha Starred Question No. 602 for 2nd May, 2003regarding Restructuring of UTI scheme

(a) & (b): As at present, there is no proposal for intra-scheme merger in respect of schemes with UTI-I whichmanages US-64, Assured Return Schemes and SUS-99.

However, UTI-II has decided in March 2003 to merge five existing Master Equity Plans, i.e., MEP 93, MIP 94, MEP 95, MEP 96 and MEP 97 into a single scheme named as UTI - Master Equity Plan Unit Scheme (UTI-MEPUS).

(c) : Assets under Management of the UTI-II have fallen from Rs. 14,476 crores (as on 28th February, 2003) toRs. 13,516 crores (as on 31st March, 20(3) as per information provided by ANIFI. UTI Mutual Fund is undertakingall possible measures for marketing of its schemes.

In UTI-I, US-64 holders have been given an option of exchanging LI1eir US64 certificates for a bond to be issuedby it and guaranteed by the Government. These bonds will carry 6.75% p.a. tax free interest, will be freely tradableand will be redeemable after five years. Investing public have accepted these bonds in an overwhelming majority.

Dividends earned by the scheme will be passed on to the certificate holders tax free and the transactions of US-64will be exempt from capital gains tax.